

My name is Reta Dyess. My husband and I operate two dairies located in the heart of East Texas and halfway between Dallas and Houston in Cherokee County. **Ow** son, grandson, daughter and her husband, and our nephew operate dairies in the same area. In total for the six dairies, we milk about 2,000 cows. We ~~market all~~ **ow** milk through Dairy **Farmers** of America Cooperative. Our milk, plus milk from several other dairies leaves East Texas and is delivered to Southeast Council everyday. We are in Federal Order 126. These proposals for Orders 5 and 7 do not directly affect us but do affect us indirectly.

I serve dairymen on several boards. In the DFA Southeast Council I serve as a **Councilperson**. DFA's Southeast Council has about 330 dairies in East Texas, with **an** average size of approximately 150 cows. I also serve with the Texas Animal Health Commission **as** a Commissioner, with the Texas Beef Council as a director, with the National Cattlemen's Beef Association as a director in the Federation Division, and I also represent dairymen at the US Animal Health Association. At heart I **am** a dairyman.

I do not know a lot about Federal Orders nor Transportation Credits. But I do know the costs of getting milk to the market and the cost of keeping a balanced supply of milk for our customers in the Southeast are increasing. The increase in fuel and the increase in hauling distance **are** costing the dairymen in this area more and more. Many have gone out of the dairy business which creates a larger gap between supply and demand in the Southeast. Every time a dairyman goes out, the price of supplying the market goes up. More milk must be brought in to supply the demand at the expense of the dairymen in the Southeast. This is a never ending circle.

As long as the southeast dairymen are carrying the expense of supplying the market with Class I milk, the result will be fewer and fewer dairymen in the area where we need the milk the most. We need an increase in the transportation credits to help cover these added expenses.

I support the proposals that our cooperative is making here today. The proposal that deals with milk outside of the market will help us in that it will increase the charge enough to make sure that the cost is recovered.

The proposal that deals with the intra-market credit program will help us to supply the market and to recover the cost in a way that is fair to all producers. All the producers that draw off the pool of **returns** will share in the expenses as well. I feel this is a reasonable expectation. It will not cover all the cost but it will help.

The proposal relating to the **fuel** adjuster will be helpful in that it has a sliding scale built in that moves up and down with the fuel prices, It will increase the charge enough to make sure that the costs are covered. As dairymen, we are well aware of the rising cost of fuel for our trucks and tractors. The cost of bringing in hay, cotton seed, and grain has increased due to an increase in fuel prices. The fuel adjuster will follow the price of fuel which will help cover the actual cost of fuel.

One of the reasons we are asking for your help with the Federal Orders is that the industry accepts the Order price changes more **readily than** changes in premium levels.

All programs cost money so how can these costs be recovered? We feel our staff has done the research and have arrived at the best solution for the problem. We would like to see the hauling credits increased enough to cover the amount requested. We also need some relief **as soon as possible**

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have some thoughts as to how it could be recovered, but our top priority is to get as much covered **as** soon **as** possible to stop the hemorrhaging of the dairy industry in the Southeast. The preferred way is to cover the cost with **an** increase in the **Class** I price each month. We also want to give the Secretary as much flexibility as he needs to get **as** much done as quickly as it can be done. Up to one half of the cost could be shared in **the** blend price pool as a last resort so that all dairy farmers who **are** sharing in returns of the pool would share in the cost also, We want to work together and with the Secretary to get the best results for all involved.

Thanks for listening to my comments. As I said I do not know a lot about market orders or transportation credits but I do know the needs of the dairymen. I will try to answer any questions you may have.